

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#22 MAY 17, 2011

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May 17, 2011

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AN AMENDMENT TO THE AGREEMENT WITH INSIGHT
HEALTH CORPORATION FOR MAGNETIC RESONANCE IMAGING
SERVICES
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

Request approval of an amendment to the Agreement with InSight Health Corporation to provide magnetic resonance imaging guided breast biopsy procedures for County patients and modify magnetic resonance imaging scan procedures.

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director of Health Services (Director), or his designee, to execute Amendment No. 3 to Agreement H-703334 with InSight Health Corporation (InSight) to incorporate the service procedure of Magnetic Resonance Imaging (MRI) guided breast biopsies for the patients served at Olive View-UCLA Medical Center (OV-UCLA MC) and Harbor-UCLA Medical Center (H-UCLA MC), effective upon Board approval through June 30, 2018, for an additional cost of \$254,100, increasing the total contract maximum cost to \$69,891,577; and implement a priority MRI scan procedure that is completed prior to the receipt of the approved Treatment Authorization Request (TAR).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommendation will authorize the Director, or his designee to execute an Amendment, substantially similar to Exhibit I, to add MRI guided breast biopsies as an additional procedure available for County patients. The existing Agreement with InSight provides contract MRI services to H-UCLA MC, OV-UCLA MC, LAC+USC Medical Center (LAC+USC MC), Rancho Los Amigos National Rehabilitation Center (RLANRC) and Martin Luther King, Jr. Multi-Service Ambulatory Care Center (MLK MACC).

MRI guided breast biopsy examinations will allow the facilities of H-UCLA MC and OV-UCLA MC to provide this service to County patients when the identification of lumps or abnormalities in the breast cannot be detected by physical examination, mammography or other imaging studies.

The patient population served by these services are women with over 20% lifetime risk of developing breast cancer, including patients with the breast cancer gene and patients recently diagnosed with breast cancer. Patients with an abnormality discovered with an MRI will be first re-evaluated by mammography or ultrasound. If the abnormality can also be seen by mammography or ultrasound, the biopsy will be performed with that modality. If the lesion is only visualized by MRI and not any other modality, the patient will require an MRI guided biopsy. Based on the patient data and volume, it is estimated that approximately 12 MRI guided breast biopsies would be performed annually for H-UCLA MC with an estimated total of 27 MRI guided breast biopsies required at implementation of the new procedure and 10 to 15 annually for OV-UCLA MC.

RLANRC needs to establish a clinic that will provide services to LAC-USC MC Ortho-Diabetic outpatients within a same-day time frame to determine whether the patients will need to have an amputation or can be sent home with antibiotic treatment. In order to accomplish this, RLANRC needs InSight to initiate and complete MRI procedures for Ortho-Diabetic patients at the request of the Physician during the clinic appointment and prior to the receipt of TAR approval. This new service procedure has been identified as Priority Scans (PS) and is different from the current process, but will result in increased efficiency in patient services. Although the new process will be initially implemented at RLANRC to facilitate the provision of patient services and reduce inpatient volume, the intent is to expand the procedure globally to all other DHS facilities who receive services under this Agreement.

RLANRC will compensate InSight at the time of the provision of services, however InSight will also complete and submit the appropriate documentation to obtain approval from the Medi-Cal field office for the MRI services provided to the PS patients. Subsequently, when InSight receives payment from Medi-Cal for the services provided to PS patients, the County will be reimbursed for their payments. Rancho and InSight have a protocol to track Medi-Cal pending patients to ensure reimbursement.

The current Agreement with InSight will expire June 30, 2018.

Implementation of Strategic Plan Goals

The recommended action supports Goal 4, Health and Mental Health, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

Under the existing Agreement, InSight is compensated on a fee-per-scan rate of \$546.10 for County patients. The contract maximum obligation for providing MRI patient care services for this Agreement for the period June 24, 2008 (date of Board approval) through June 30, 2018, is \$69,637,477. The additional cost for the MRI guided breast biopsy procedures will be \$1,100 per-procedure at an estimated additional cost effective date of Board approval through June 30, 2018 of \$122,100 for H-UCLA MC and \$132,000 for OV-UCLA MC, increasing the total maximum obligation to \$69,891,577.

Funding is included in the DHS Fiscal Year (FY) 2010-11 Final Budget and will be requested in future fiscal years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On June 24, 2008, your Board approved a new Agreement with InSight to ensure the continued provision of MRI patient care services at H-UCLA MC, OV-UCLA MC, LAC+USC MC, RLANRC and MLK MACC. Under this Agreement, InSight also facilitates the construction and remodeling of buildings as required at H-UCLA MC, OV-UCLA MC, RLANRC and MLK MACC and installed new MRI scanners as necessary for the negotiated all inclusive rate-per-scan price of \$546.10.

LAC+USC MC was initially included as a service site pending the completion of their new facility, however since the construction is complete, they do not utilize InSight for the provision of these services.

On July 1, 2008 and June 24, 2009, Amendments 1 and 2 were processed under the delegated authority to the Department that revised the Exhibit C, Price and Payment MRI Payment Chart and also implemented background and security investigations for Contractor staff who provide services associated with this Agreement.

The approval of Amendment No. 3 will provide the additional service of MRI guided breast biopsy procedures at H-UCLA MC and OV-UCLA MC and will be performed on an outpatient basis and provided for patients whose suspected lesion cannot be identified using mammography or ultrasound.

InSight will provide the MRI equipment and technologists at their site for the H-UCLA MC and OV-UCLA MC facilities. OV-UCLA MC and H-UCLA MC will provide the procedure supplies, radiologists and nursing support to perform the minimally invasive image guided biopsy and analysis of the biopsy tissue/specimens.

Under the termination provisions, the Agreement may be terminated for convenience with a 30-day advance written notice.

All of the latest Board mandated provisions are included in the Agreement.

County Counsel has approved Exhibit I as to use and form. The respective program office administration sections will continue to monitor the performance of this contractor to assure compliance with the terms and conditions of the Agreement.

CONTRACTING PROCESS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Board approval of the recommendation will ensure the uninterrupted provision of critical MRI services to the patients served by DHS facilities.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is fluid and cursive, with the first name "Mitchell" written in a larger, more prominent script than the last name "Katz".

Mitchell H. Katz, M.D.

Director

MHK:ms

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

MAGNETIC RESONANCE IMAGING SERVICES AGREEMENT

SUMMARY OF FISCAL IMPACT/FINANCING

June 24, 2008 – June 30, 2018

Amendment No. 3 Date of Board Approval (DBA) – June 30, 2018

<u>Initial Contract Maximum</u> <u>06/24/08 - 06/30/18</u>	<u>Amendment No. 3</u> <u>DBA - 06/30/18*</u>	<u>Total Contract Maximum</u> <u>06/24/08 – 06/30/18</u>
\$69,637,477	\$254,100*	\$69,891,577

* The Amendment No. 3 contract cost consists of \$132,000 for OV-UCLA based on an estimated total of 15 MRI guided breast biopsies performed annually and \$122,100 for H-UCLA based on an estimated total of 27 MRI guided breast biopsies required at implementation of the new procedure and 12 MRI guided breast biopsies performed annually thereafter for the remaining term of the Agreement.

MAGNETIC RESONANCE IMAGING SERVICES AGREEMENT

AMENDMENT NO. 3

THIS AMENDMENT is made and entered into this _____ day
of _____, 2011,

by and between

COUNTY OF LOS ANGELES
(hereafter "County")

and

INSIGHT HEALTH CORP.
(hereafter "Contractor").

WHEREAS, reference is made to that certain document entitled "MAGNETIC RESONANCE IMAGING SERVICES AGREEMENT" dated July 1, 2008, and further identified as County Agreement No. H-703334; and any Amendments thereto (all hereafter referred to as "Agreement"); and

WHEREAS, the parties desire to provide a safe and secure environment for their mutual patients who utilize the MRI Centers located at County Facilities; and

WHEREAS, Contractor shall provide MRI Services in accordance with Exhibit B, Statement of Work; and

WHEREAS, a number of specialty medical services must be available to meet the needs of sick or injured County patients requiring treatment at Medical Facilities; and

WHEREAS, County has determined that it has insufficient physician resources to provide all of the necessary speciality services required for its patients; and

WHEREAS, Paragraph 7, Change Orders and Amendments, Subparagraph 7.5 of the Agreement provides that the Exhibits to the Agreement may be amended, pursuant to a written amendment executed by the County Global Project Director and the Contractor Project Director if such amendment is consistent with the Agreement and Exhibit A and does not require County expenditures beyond available funds; and

WHEREAS, it is the intent of the parties hereto to provide changes set forth herein and incorporate into the Statement of Work, MRI guided breast biopsy procedures, Priority Scan procedures, and add the County's Defaulted Property Tax Reduction Program provisions into the Agreement; and

NOW, THEREFORE, the parties hereby agree as follows:

1. This Amendment shall become effective on the date of Board approval.
2. The body of the Agreement, Section 2, DEFINITIONS, shall be amended to include the following;

“MRI Guided Breast Biopsy - shall be defined as a MRI guided, non-surgical, minimally invasive procedure used to obtain tissue samples for microscopic examination using a special stereotactic needle.”

“Priority Scan (PS) – shall be defined as MRI procedures vital to the management of the patient that need to be completed prior to the receipt of the approved Treatment Authorization Request (TAR).”

3. EXHIBIT B – STATEMENT OF WORK, Part II, MRI SERVICES, PATIENT CARE SERVICES AND CLINIC OPERATIONS, Task 3 – Day-to-Day Imaging Service Operations, shall be amended to add Subtask 3.3 – MRI Guided Breast Biopsy Procedures, and Subtask 3.4 – MRI Services for Priority Scan County-Referred Outpatients with Medi-Cal, as follows;

“Subtask 3.3 - MRI Guided Breast Biopsy Procedures:

MRI Guided Breast Biopsy procedures shall be made available to the patients served by Harbor-UCLA and OVMC at the discretion of the County Radiologist or Treating Physician.

County shall provide Contractor with a written notice of the Treating Physician’s order or prescription for MRI guided breast biopsy procedures. MRI guidance is used to find the area under review. The Radiologist removes samples of breast tissue using a special stereotactic needle and the tissue samples are sent to the Pathologist for review.

Contractor shall prepare MRI images of Harbor-UCLA and OVMC County – Referred Patients for presentation to the County Radiologist for interpretation, dictation and signature of reports.

Subtask 3.4 – MRI Services for Priority Scan County-Referred Outpatients with Medi-Cal:

Contractor shall provide services to outpatients who are Medi-Cal beneficiaries or otherwise presumed to have Medi-Cal coverage pursuant to Paragraph 4.4.(1) and have also been identified as Priority Scan (PS) referrals, at the request of the County Radiologist, prior to receipt of the approved Treatment Authorization Request (TAR). The PS outpatients will be identified at the time of the referral on the Referral Form.”

4. EXHIBIT C – PRICE AND PAYMENTS, Section 2., Services Included In and Excluded from Fee-Per-Scan, Section 2.2, Services Excluded from Fee-Per-Scan, shall be amended to add the following;

“(5) All supplies and associated supply costs for the provision of MRI guided breast biopsy procedures, which shall be the sole responsibility of County.”

5. EXHIBIT C – PRICE AND PAYMENTS, Section 3., Billing and Payment, shall be amended to add Section 3.1.1, MRI Guided Breast Biopsy Procedures, as follows;

“3.1.1 County shall compensate Contractor for the technical component of each MRI guided breast biopsy performed for a County-Responsible or County-Referred Patient as follows;

- \$1,100 for performance of the procedure that is completed within one (1) hour or less. In the event that a procedure takes longer than one (1) hour, County shall pay Contractor an additional \$250 for each additional fifteen (15) minutes or fraction thereof. Except as provided below, Contractor shall be required to bill any third party payor for the technical component of MRI breast biopsies, in accordance with

Exhibit C, Price and Payments, Section 4, and the Contractor's billing of County shall be subject to and controlled by Exhibit C, Price and Payments, Sections I., 3.1., 3.1.1, 3.2 and 3.4 in the Agreement.

- Contractor is currently prohibited from billing for MRI guided breast biopsies performed for Medicare and Medi-Cal beneficiaries. As long as such prohibition remains in effect, Contractor shall not bill Medicare, Medi-Cal or the County for MRI guided breast biopsies performed for Medicare and Medi-Cal beneficiaries. Further, Contractor shall not be required to bill and collect for any professional services provided for Medicare or Medi-Cal beneficiaries in connection with MRI guided breast biopsies.”

6. EXHIBIT C – PRICE AND PAYMENTS, Section 4., Special Billing Rules for County-Referred Outpatients, Sub-Section 4.4, County-Referred Priority Scan Outpatients With Presumed Medi-Cal Coverage, shall be amended to add Paragraph 3, as follows;

“(3). If County refers outpatients who are covered by Subtask 3.4 of this Exhibit B and designated as PS referrals, and the Contractor provides the requested MRI services prior to receipt of the approved TAR, the County will compensate Contractor for the services rendered, pursuant to Section 1.1, Fee-Per-Scan for County Responsible Patients, however, Contractor shall complete and submit the appropriate documentation to obtain approval from the Medi-Cal field office for the MRI services provided to the patient and the provisions in paragraph 4.4.(2) shall apply. In the event that Contractor receives payment from Medi-Cal for services to patients who were PS referrals, such payment shall be regarded as payment in full with the exception of patient co-payments and deductibles which are the responsibility of the patient. County shall then be credited by Contractor on future invoices for payment for the prior County payment(s) for that patient. In the event that there is an unappealable denial, so long as such denial is for lack of medical necessity, failure of a County Radiologist or other County physician to

provide necessary information, or lack of beneficiary eligibility and the beneficiary has no other form of third party coverage. Contractor shall notify County and there shall be no credit applied by the Contractor.”

7. Paragraph 59, CONTRACTOR’S WARRANTY OF COMPLIANCE WITH COUNTY’S DEFAULTED PROPERTY TAX REDUCTION PROGRAM, shall be added to Exhibit A, ADDITIONAL TERMS AND CONDITIONS of the AGREEMENT as follows:

“59. CONTRACTOR’S WARRANTY OF COMPLIANCE WITH COUNTY’S DEFAULTED PROPERTY TAX REDUCTION PROGRAM

A. Contractor acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

B. Unless Contractor qualifies for an exemption or exclusion, Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during the term of this contract will maintain compliance, with Los Angeles Code Chapter 2.206.”

8. Paragraph 60, TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY’S DEFAULTED PROPERTY TAX REDUCTION PROGRAM, shall be added to Exhibit A, ADDITIONAL TERMS AND CONDITIONS of the AGREEMENT as follows:

“60. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY’S DEFAULTED PROPERTY TAX REDUCTION PROGRAM

Failure of Contractor to maintain compliance with the requirements set forth in Sub-paragraph 59 - Contractor's Warranty of Compliance with County's Defaulted Property Tax Reduction Program shall constitute default under this Agreement. Without limiting the rights and remedies available to County

under any other provision of this Agreement, failure of Contractor to cure such default within 10 days of notice shall be grounds upon which County may terminate this Agreement and/or pursue debarment of Contractor, pursuant to County Code Chapter 2.206.”

9. Except for the changes set forth hereinabove, the Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

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Director of Health Services, and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officers, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Mitchell H. Katz, M.D.
Director of Health Services

INSIGHT HEALTH CORPORATION
Contractor

Signature

Printed Name

Title: _____
Global Project Director

Signature

Printed Name

Title: _____
Chief Executive Officer

APPROVED AS TO FORM BY THE
OFFICE OF THE COUNTY COUNSEL

By _____
Signature